NOMINATION OF JOSEPH ROBERT WRIGHT, JR.

HEARING

BEFORE THE

COMMITTEE ON GOVERNMENTAL AFFAIRS UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

SECOND SESSION

NOMINATION OF JOSEPH ROBERT WRIGHT, JR., TO BE DEPUTY DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET

MARCH 30, 1982

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NOMINATION OF JOSEPH ROBERT WRIGHT, JR.

TUESDAY, MARCH 30, 1982

U.S. SENATE,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, D.C.

The committee met at 1:50 p.m., in room 3302, the Dirksen Senate Office Building, Hon. William V. Roth, Jr. (chairman) presiding.

Present: Senators Roth and Rudman.

Chairman ROTH. The committee will be in order.

This afternoon we will hold hearings on the nomination of Joseph Robert Wright, Jr., to be Deputy Director of the Office of Management and Budget.

We are also very pleased to welcome our colleague, Senator Nickles. I understand you will introduce Mr. Wright.

TESTIMONY OF HON. DON NICKLES, U.S. SENATOR FROM THE STATE OF OKLAHOMA

Senator NICKLES. I thank the chairman.

Mr. Chairman, it is a privilege for me today to introduce Joe Wright before this committee. Joe is a native Tulsan, and I have had the privilege of getting to know him. I believe that Joe will serve the President well. I believe that he will serve well in his new position at OMB with as much enthusiasm and dedication as he has shown serving as Deputy Secretary in the Department of Commerce this past year.

Joe has actually spent the majority of his last 10 years serving the people of this country and the Federal Government. He has worked a number of years in the private sector, which in my opinion gives him a broad and deep perspective as he prepares to take the position of Deputy Director of the Office of Management and Budget. In 1976, he managed a wholly owned subsidiary of Citicorp serving as president of the retail services.

From 1971 to 1976 he served in a number of high Federal Government positions, including Assistant Secretary for Administration at the Department of Agriculture, Deputy Director of the Social and Economic Statistics Administration at the Commerce Department, and Deputy Director of the Bureau of the Census.

I am very comfortable and very pleased today to introduce Mr. Wright before this committee, and I am confident that he will serve Congress as well as he has served the President and the Government in his previous positions.

Thank you, Mr. Chairman.

OPENING STATEMENT OF SENATOR ROTH

Chairman ROTH. Thank you, Senator Nickles for taking the time to introduce the nominee.

Mr. Wright, the position for which you have been nominated will unquestionably be demanding. It is absolutely essential that the Deputy Director be talented in the fields of both management and finance. It appears that you have had a diversity of experience that has prepared you to effectively perform in the position to which you have been nominated. Your predecessor, Ed Harper, has certainly brought great distinction to the Office and I am looking forward to continuing a positive rapport with the Office of the Deputy Director.

Mr. Wright, according to the committee rules, all witnesses at nomination hearings must give their testimony under oath.

So, will you please stand and raise your right hand.

Mr. Wright, do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WRIGHT. Yes, sir.

Chairman ROTH. Please be seated.

I want to welcome you to this committee and thank you on behalf of the entire committee for your cooperation with both the members and the staff of the committee.

Because of the importance of the position of Deputy Director of OMB, the committee has carefully evaluated Mr. Wright's background and qualifications.

I would like to make a few comments about the procedures that the committee has followed in considering this nomination. First, the nominee supplied detailed information on his education and employment history as well as a complete financial statement. Mr. Wright also responded to a set of prehearing questions. Without objection, this material prepared by Mr. Wright will be made a part of the hearing record at this point.

[The information referred to follows:]

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

A. BIOGRAPHICAL INFORMATION

Question 1. Name: (Include any former names used.)

Answer. Joseph Robert Wright, Jr.

Question 2. Address: List current residence address and mailing address.

Answer. Current: 3043 P Street NW., Washington, D.C. 20007. Mailing: Deputy Secretary, Department of Commerce, Washington, D.C. 20230.

Question 3. Date and place of birth.

Answer. September 24, 1938, Tulsa, Okla.

Question 4. Marital status: (Include maiden name of wife or husband's name.)

Answer. Legally separated, Elizabeth Perry Wright.

Question 5. Names and ages of children.

Answer. Tiffany Wallace Stowell, 16.

Question 6. Education: List institution(s), dates attended, degree received and date degree granted.

Answer. Yale University, 1961–63, MIA, 1964; Colorado School of Mines, 1956–61, BS, 1961; Cascia Hall Prep School, 1950–56, High School, 1956.

Question 7. Employment record: List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of inclusive employment.

Answer. Deputy Secretary, Department of Commerce, 1981–present; president, Citicorp Retail Services, NYC, 1976–1981; Asst. Sec./Admin., USDA, Washington, D.C.,

1973-1976; Dep. Dir./SESA, Doc, Washington, D.C. 1972-1973; Dep. Dir./Bureau of Census, Washington, D.C., 1971-1972; VP, Booz, Allen & Hamilton, NYC, 1965-1971; and U.S. Army, Washington, D.C., 1963-1965.

Question 8. Government experience: List any experience in, or association with Federal, State or local governments, including any advisory, consultative, honorary or other part-time service or positions.

Answer. Deputy Secretary, DOC, Washington, D.C., 1981-Present; Asst. Sec./Admin., USDA, Washington, D.C. 1973-1976; Dep. Dir./SESA. DOC, Washington, D.C. 1972-1973; Dep. Dir./Bureau of Census, Washington, D.C., 1971-1972.

Question 9. Business relationships: List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership or other business enterprise, educational, or other institution.

Answer. Director, Anchor Gasoline Corp.

Question 10. Memberships: List all memberships and offices held in professional, fraternal, scholarly, civic, charitable and other organizations.

Answer. Young Presidents Organization; and Colorado School of Mines Alumni Association.

Question 11. Political affiliations and activities: List all offices with a political party or any public office for which you have been a candidate. List all memberships and offices held in or financial contributions and services rendered to all political parties or election committees during the last 10 years.

Answer. Registered Republican. Contributions to Republican Candidates made through family in Tulsa, Oklahoma, in Presidential and Congressional Elections—made in name of Joe R. Wright, Anchor Gasoline Corp., or Canal Refining Corp.

Question 12. Honors and awards: List all scholarships, fellowships, honorary degrees, honorary society memberships, and any other special recognitions for outstanding service or achievements.

Answer. Young Presidents Organization; Who's Who in World—1980; Who's Who in America—1976, 1977, 1978, 1979, 1980; Who's Who in Government—1975, 1976; Who's Who Among Students in Colleges and Universities—1963; Outstanding Young Men in America—1965.

Question 13. Published writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

Answer. None published.

Question 14. Speeches: Provide the Committee with two copies of any formal speeches you have delivered during the last 5 years which you have written copies of and which are on topics relevant to the position for which you have been nominated.

Answer. Four prepared speeches are attached—normally I departed substantially from the prepared speech but maintained the flavor and content. [The speeches have been retained in the files of the committee.]

Question 15. Selection: (a) Do you know why you were chosen for this nomination by the President?

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

Answer. (a) For my background in business, management and government.

(b) This position at OMB requires a good knowledge of government operations, program levels, and budget process. It also helps in this environment to have a business background and some understanding of economics.

B. FINANCIAL DATA (RETAINED IN COMMITTEE FILES)

C. FUTURE EMPLOYMENT RELATIONSHIPS

Question 1. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

Answer. All connections with Citicorp were severed when stock options were exercised on March 31, 1981.

Question 2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation during your service with the government? If so, explain.

Answer. No.

Question 3. Do you have any plans, commitments or agreements after completing government service to resume employer, business firm, association or organization?

Answer. No.

Question 4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

Answer. No.

Question 5. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

Answer. Yes, I plan to.

D. POTENTIAL CONFLICTS OF INTEREST

Question 1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

Answer. Financial Arrangements:

Partnership in Real Estate with Mr. Jerry McManis, Washington, D.C., listed as follows: 622/624 7th Street, N.E., Washington, D.C., 814 C St., N.E., Washington, D.C., 1130 W. Lafayette, Baltimore, Md. and 345 Abercorn, Savannah, Ga. (The above are shown under B.1.b. (page 4)—all amounts shown are for my half only).

Deferred Stock Purchase Plan with Citicorp was exercised on March 31, 1981.

Participation in 13 oil/gas wells listed under B.4 (page 5).

Question 2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

Answer. Only family-ownership in oil/gas/coal company—Anchor Gasoline Corp./ Canal Refining Company.

Question 3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

Answer. None.

Question 4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

Answer. As Deputy Secretary of Commerce, I testified on issues primarily concerning the Department of Commerce. Occasionally I would get into testimony on general government operations/activities.

Question 5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

Answer. I will not be involved in any issues regarding the oil, gas or mining industries. I will not participate in any particular official business in which a retained financial interest is involved.

Question 6. Do you agree to have written opinions provided to the Committee by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts on interest or any other legal barriers to your serving in this position?

Answer. Yes.

E. LEGAL MATTERS

Question 1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

Answer. No.

Question 2. Have you ever been investigated, arrested, or charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

Answer. No.

Question 3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

Answer. Not to my knowledge.

Question 4. Have you ever been convicted (including pleas of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

Answer. No.

Question 5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

Answer. None.

Responses to Prehearing Questions

I. NOMINATION PROCESS AND POTENTIAL CONFLICTS

Question 1. Is there any issue currently under consideration by the Office of Management and Budget from which you may have to disqualify yourself? If so, please explain.

Answer. I am advised by OMB Counsel that there are no issues now before OMB and none likely to arise that would require my disqualification under federal law. I will of course refrain from participation in any particular matter as defined by 18 U.S.C. Section 208. I intend, however, if confirmed, to go beyond the requirements of law in effecting my disqualification as to matters coming before OMB. Because of my financial holdings in the oil, gas and coal industries, I will disqualify myself from participating in major matters specific to the pricing, taxation or subsidization of oil, gas or coal. Such a step, I am advised by OMB Counsel and by the Office of Government Ethics, goes beyond the requirements of law.

Question 2. How were you selected to be nominated to serve as the Deputy Director of the Office of Management and Budget? Were any conditions, expressed or implied, attached to your nomination?

Answer. I was asked by the President to serve as Deputy Director. No conditions, expressed or implied, were attached to my nomination.

Question 3. Have you made any specific commitments with respect to the basic policies and philosophy you will seek to implement as Deputy Director? If so, please describe these commitments.

Answer. I have made no specific commitments regarding the basic policies and philosophy under which I will operate if I am confirmed as Deputy Director of OMB. I, of course, believe in and fully support the President's basic policies and philosophy, which I believe will reduce the size and burdensomeness of government, increase its efficiency and improve the private sector economy.

II. ROLE OF OMB

Question 1. What do you consider to be the mission of OMB, and what will your basic responsibilities be as the Deputy Director?

Answer. The mission of OMB is not essentially different from what it has been for many years. Above all, OMB is a part of the Executive Office of the President, an arm of the presidency, and its primary mission is to see that the policies of the President are carried out. One of those policies, of course, is to reduce the growth of government spending, and the best-known role of OMB is that of examining in detail the budgets of the many agencies of government, seeking means of achieving lower levels of spending, and preparing the budget for the President's consideration. While OMB does make judgments and decisions on the budget, all such decisions, as you know, can be appealed to the President by the affected agency.

As a result of the Paperwork Reduction Act of 1980 and President Reagan's Executive Order 12291 OMB has major new responsibilities in the area of regulation. My answers to subsequent questions submitted by the Committee elaborate on that role.

OMB has other duties and missions as well, such as preparing executive orders, clearing legislative proposals and testimony by other agencies to assure conformity with the President's program, monitoring the complex system of grants-in-aid to state and local governments, and conducting government-wide activities in the field of management, among others.

My responsibilities as Deputy Director will include all aspects of OMB's activities, but I expect to devote particular attention to its management role.

Question 2. Do you believe that the organization of OMB, as currently structured, is effective? Are there any areas or functions within OMB which you believe must be emphasized or to which you feel additional staff or resources must be assigned?

Answer. There has been a dramatic increase in OMB's workload over the last fifteen months. For those who are primarily budget analysts, this has included Reconciliation, two major revisions of the President's 1982 Budget and three Continuing Resolutions.

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OMB has also assumed important new responsibilities in the area of regulatory reform—including review of roughly 2,700 government regulations and over 4,800 paperwork clearances in 1981.

The Management staff has compiled an impressive record in combating waste, fraud and abuse—including the establishment of the President's Council on Integrity and Efficiency, the debt collection program and an initiative to reduce unnecessary government publications and audio-visual materials.

This expanding workload has been accomplished with a steady reduction in staff. In comparison to 682 permanent positions allocated to OMB during the first year of the Carter Administration, OMB staffing levels in 1982 fell to 610. And we have proposed a further reduction in the President's Budget submission for 1983.

Despite the fact that OMB's workload has increased dramatically while its personnel resources have declined, we can still carry out our basic mission. We must continue to look for ways to economize and improve the operation of OMB, however. This will require some minor changes, but the basic OMB structure that exists today serves us well and deserves to be maintained.

III. MANAGEMENT ISSUES

Question 1. As you know, one of the original reasons for creating the Office of Management and Budget from the old Bureau of the Budget in the early 1970's was to establish firmer management controls at the Federal level. Unfortunately, the activities directly concerning the budget always seem to overshadow the management problems. In your view, what should be done to rectify this imbalance?

Answer. First, I think that we can agree that the initial phase of the Reagan administration has been unusually active for the budget analysts in OMB. This administration inherited a budget and set of economic conditions which required immediate, herculean, and sustained effort by the OMB leadership and staff to put the President's Program for Economic Recovery into budget proposals for the Congress to consider.

As the Congress completes action on 1982 appropriations and begins to consider the 1983 proposals, there will be a shift of attention to the management implications of the enacted budget. I would hope to be in a position to work on establishing a stronger management role for OMB—one which will exert firm leadership across-the-board using the leverage that can be obtained with a clearly defined management agenda and strong departmental leadership.

Question 2. Should the Office of Management and Budget exert a system-wide effort to manage the Federal government or should its role be restricted to more narrowly focused special projects?

Answer. I believe that the Office of Management and Budget should pursue its Government-wide management responsibilities in the context of clearly enunciated overall goals and priorities. As a former program manager, assistant secretary for administration, and deputy secretary I have first-hand knowledge of the confusion and frustration that can develop from an episodic or narrow ad hoc management focus from OMB.

The Office of Management and Budget should provide strong and sustained leadership with broad management objectives clearly understood by agency managers. Within this framework there may still be a need for the Office of Management and Budget to invest some of its resources in specific areas. For example, OMB has special efforts underway to improve Government-wide debt collection and travel management.

Question 3. What are the appropriate activities of the management arm of OMB? Is a single office with both budgetary and management responsibility a realistic arrangement? Should we consider an alternative that would divide these two responsibilities between two separate offices?

Answer. The appropriate activities of the management arm of OMB can be summed up as the synthesis and communication of the President's management initiatives and priorities followed by the monitoring and evaluation of agency implementation of those initiatives and priorities. I am among those who believe that to function successfully, the management arm must be intimately associated with the President's resource planning and decision making apparatus.

In my view it is not only realistic to maintain the arrangement of a single office with both budgetary and management responsibilities, it is preferable to the alternative that would divide the two functions. A separate management office would lose a great deal of effectiveness without the leverage afforded by its close association with the resource allocation process. If you separate the two parts, each would

tend to try to replace the lost part. This could lead to a loss of efficiency and a larger Executive Office.

IV. FEDERALISM

Question 1. Once a legislative plan is developed and passed by Congress, what part do you feel OMB should take in the transition to the "new Federalism?"

Answer. I see an active and continuing role for OMB in implementation of the Federalism Initiative, subsequent to Congressional passage of the 1982 block grants. This role would be largely coordinative and supportive of the agencies which are currently responsible for administering the affected programs. This would include review of agency implementing regulations, responding to financial management and funding issues, and providing comprehensive and timely informantion to state and local officials as they prepare for taking over their new responsibilities. We would also, for example, assist the agencies, which have direct responsibility for implementing the Federalism Initiative, in explaining and promulgating the procedures to be followed by states in the assumption of their new responsibilities.

OMB will discharge its responsibilities under the Paperwork Reduction Act and Executive Order 12291 to ensure that agency implementation rules and rulings conform to the intent of that Act, and meet the President's standards for well-justified rulemaking. At the same time, OMB staff will be available, as during last year's block grant implementation process, to assist agency staff and other Executive Branch personnel in ensuring that the public is adequately informed about the consequences of such monumental legislation.

Question 2. OMB had a strong Intergovernmental Affairs Division which was responsible for many management functions in the area of federal assistance programs. That division has been severely reduced in size, and its functions are now unclear. What is your view of how this division should be structured? What role should federalism play in managing federal assistance programs?

Answer. On the basis of my initial discussions with OMB management and professional staff, it is my opinion that OMB continues to have a strong Intergovernmental Affairs Division. It is true that this Division has undergone a reduction in personnel over that this Division has undergone a reduction in personnel over the last several months. This has been necessitated by the constraints on operating funds for the OMB institution as a whole.

It is my understanding that the role of the Division and its requisite level of personnel are currently under study. I intend to participate heavily in the final decisions with regard to this role and the allocation of personnel for the Division.

I can assure you that I am fully aware of the need for retaining a strong technical and managerial capability in this area as we move forward with restructuring and simplifying the current grant-in-aid system. The continued movement towards block grants and the ultimate transfer of responsibilities under the Administration's Federalism initiative also will place strong demands on OMB. We will ensure that adequate capability exists to meet this challenge.

Question 3. Recently the Geographic Distribution of Federal Funds (GDFF) was terminated. This report had proven to be invaluable to states and localities as well as the Congress for it listed the state-by-state distribution of federal assistance programs. Do you plan to strengthen other information systems, such as FAADS, to ensure that adequate information is available on federal assistance programs?

Answer. Yes. We have already taken steps to strengthen the quality and timeliness of information systems which report data on grants-in-aid.

We have placed added emphasis on our efforts to improve the quality of FAADS reporting. This system coupled with the Federal Aid to States report done by Treasury and data collected by the Census Bureau provide a much more accurate source of information on federal assistance than did the GDFF. We are working closely with the agencies, states, and your own information staff office as FAADS is refined. In fact, the states are so interested in this system that 13 of them have volunteered to commit resources to analyzing FAADS reports for their states and provide periodic feedback to OMB and the agencies on problems and opportunities for improvement.

In addition, the Census Bureau will assume operational responsibility as the Executive Agent for FAADS on April 1. Census has already taken a strong interest in improving the system and, as you know, it brings valuable expertise to bear on information systems of this type.

We have also worked with the agencies and the states to improve the quality and timeliness of the Budget Information for States report which OMB provides to aid the states in their budget decision-making. This report includes a state-by-state dis-

tribution of federal funds for 45 of the largest formula grant programs. This year these programs accounted for over 80% of federal assistance funds requested in our budget. We managed to improve its timeliness so that it was available so the state officials for use in their executive-legislative budget deliberations.

V. FEDERAL BUDGET PROCESS

Question 1. There is widespread agreement that the passage of the Congressional Budget and Impoundment Control Act of 1974 was a positive step. Do you agree? Do you have any suggestions on how the process could be revised to make it more effective?

Answer. The Congressional Budget and Impoundment Control Act was an important positive step for two basic reasons: It provided a mechanism to require that the Congress consider individual spending legislation actions in the context of budget totals; and it provided an orderly mechanism for the executive branch to propose, and the legislative branch to act on the reservation of funds.

There is a wide range of suggestions on improving the process from the very technical to the fundamental. On the technical side, I would favor evaluating the impoundment reporting aspects of the Act to eliminate unessential paperwork and improve efficiency. More fundamentally, the Administration has supported bills to amend the Act to include controls on Federal credit, and the suggestion of making the first resolution binding rather than advisory has considerable appeal.

It is more difficult to respond to questions on improving the congressional budget resolution and appropriations process. What the Budget Act did essentially was to set up congressional procedures. These procedures have changed and evolved through time and can continue to do so without changes in the basic legislation. I agree with most observers that it would be desirable for the legislated schedule of budget actions to be maintained, but I also understand fully why this is very difficult to do.

In summary, I would be uneasy about attempting any wholesale revision of the porcess before making a greater effort to operate within the existing requirements. In any case, the Congressional budget process is entirely a Congressional prerogative and not a matter for the executive branch to change or reform.

Question 2. There has been increasing discussion of the possibility of a two year budget process. Do you have any comments on the viability of a biennial Federal budget?

Answer. First, it is important to understand that it is an oversimplification to state that we have an annual budget. It is true that the President submits an annual budget under the Budget and Accounting Act of 1921. However, there has been an increased emphasis—particularly on the part of this Administration—on treating the annual budget in a multi-year context.

Furthermore, in terms of legislative action, the budget is a combination of annual, bi-annual, and multi-year budgeting. At one extreme, some parts of the budget not only are subject to annual appropriations, but annual authorizations as well. At the other end of the spectrum, interest on the public debt is paid under a permanent, indefinite appropriation that is essentially no-year budgeting. Entitlement programs that are financed through trust funds may continue for long periods of time without legislative action. Fully-funded defense systems are an example of multi-year budgeting.

In the short run, given the tremendous challenge we face in slowing the momentum of Federal spending, the President and the Congress need to exert maximum effort on an annual basis. It is not clear at this point that biennial budgets would achieve more restraint than the current system, though from the Congressional perspective I can understand the attractions of a biennial budget in terms of savings of time and other advantages.

Question 3. Would you be in favor of changes in the current impoundment process that would allow Congress to reject rescission proposals? Would you support any other changes in the impoundment process?

Answer. The law already provides the Congress with the power to reject rescission proposals by simply not acting on them within 45 days of continuous session. This 45-day congressional consideration period gives the Congress an opportunity to review the merits of the President's proposals. If a rescission bill has not been passed within the prescribed period, then funds must be made available for obligation. The Congress has used this procedure this fiscal year to reject two proposed rescissions of Air Force procurement funds and has rejected more than half of the rescissions proposed in the 1974–80 period.

The current process seems to be working reasonably well. Information is being reported to the Congress on the withholding of funds, and the Congress has been able to overturn impoundments as it desires. I would favor any changes that would eliminate unnecessary paperwork or improve reporting procedures.

Question 4. The use of reconciliation last year has been criticized by some as usurping the prerogatives of the Congress. Do you believe a revision in the guidelines affecting reconciliation is warranted?

Answer. Reconciliation did not usurp the prerogatives of the Congress because it was the Congress itself that established the mechanism and rules by which reconciliation was achieved. Under the circumstances of a dramatically deteriorating economy and a budget that was out of control, the process was clearly justified.

As the Director has stated in testimony before this Committee, we need to learn from last year's experience. For example, if major authorization bills are up for renewal, it may be desirable to follow conventional procedures and not include them in the reconciliation process. In addition, the inclusion of dollar spending limits in the reconciliation bill, in retrospect, probably made the bill unduly complex and unnecessarily redundant with the appropriations process.

However, I can see considerable future value in a reconcilation bill of more limited scope than what was proposed last year. In particular, experience would indicate that reconciliation may be the only effective means of achieving reform of entitlement programs.

Question 5. What would you consider the proper budget treatment of "off budget" agencies? Should they be put back "on budget", or should their current budget treatment continue?

Answer. During the past year, OMB has emphasized repeatedly that it is the total drain on the Nation's capital caused by Federal activity that is important. This includes taxes to finance the on-budget activities and the off-budget activities, and Federal claims on credit markets. Viewed in this context, placing the off-budget activities on-budget would have no real effect unless it resulted in reduced Federal activity. In that regard, I am concerned that activities that are financed outside the official budget totals tend to escape some of the scrutiny they would otherwise receive.

Most off-budget outlays result from lending activities, largely conducted through the Federal Financing Bank. The FFB's outlays do not come from programs that the FFB operates itself. Rather, the FFB finances lending programs within the Government by purchasing their debt securities or purchasing obligations that they have guaranteed. The operation of these programs remains both legally and administratively with the agencies that borrow from the FFB or provide the guarantees. Therefore, the Administration's emphasis is on controlling them through the credit budget. In this way, these credit programs are controlled at their source, rather than through the FFB.

The significant non-credit activities are the Postal Service and the strategic petroleum reserve account. In the case of the Postal Service, the subsidy to the Service is included as an on-budget item and, therefore, it is not primarily a fiscal issue. As you know, the Administration did not propose that financing of procurement for the strategic petroleum reserve be excluded from the budget, but we have deferred to the Congress on this matter.

Question 6. Proposals have been offered which would subject Federal credit activities and Federal regulatory compliance costs to more formal discipline under the budget process. What is your view of the desirability of requiring a credit budget and a regulatory budget?

Answer. Requiring a credit budget and a regulatory budget are two very different matters.

OMB has developed an effective and detailed structure for the credit budget covering direct Federal and Federally-guaranteed lending activity. The programs and accounting systems involved are understood to an increasing degree by the Congressional Budget Office and the appropriate Congressional Committees. I would strongly support further congressional action to strengthen the credit budget concept and further integrate it into the overall congressional budget process. The Administration continues to review credit programs with great care and submit to the Congress the legislative language necessary to maintain adequate constraints on Federal credit activity.

A regulatory budget is conceptually much more difficult to develop and is impractical at this time in a comprehensive sense. As you know, OMB has undertaken a major effort to review regulatory activities by Federal agencies in order to make sure that the costs to the private sector are fully justified. In some cases these costs are relatively clear and can be aggregated, just as direct budget costs are. However,

looking at Federal regulations across the whole spectrum of the economy, it is not conceptually possible at this time to establish sufficiently precise totals on the net cost of regulation.

While a regulatory budget has many appealing aspects, in practice it would be exceedingly difficult to implement. For example, there would inevitably be disputes about the cost estimates for any given regulation. Thus, while the regulatory budget should continue to be studied, we currently have no plans to implement one.

In connection with this question, it should be noted that the policies adopted under Executive Order 12291 are proving to be effective in discipling the federal regulatory process and controlling regulatory costs. In many ways, the approach adopted by the Executive Order is preferable to a regulatory budget.

Question 7. Over three quarters of the Federal budget is referred to as "uncontrollable" in any given year. As you know, this fact greatly restricts the ability of OMB to direct Federal budget priorities. How do you feel we can gain control over these "uncontrollables?"

Answer. I do not accept the conventional definition of "relatively uncontrollable outlays." Obviously, outlays from legally binding contracts and other commitments, as well as payments for interest, are ultimately uncontrollable as the payments come due. However, so-called relatively uncontrollable outlays also include entitlement programs and other mandatory spending, such as commodity price supports. Last year's reconciliation bill was a dramatic demonstration that these "uncontrollable" programs can be controlled. I anticipate that the Administration's entitlement reforms that are before the Congress this year will provide another concrete example of controlling these programs.

VI. REGULATORY REFORM

Question 1. What is your opinion of the legality and effectiveness of Executive Order 12291, which gives OMB oversight authority of the regulatory activity of the executive agencies?

Executive Order 12291 establishes a set of economic principles and procedures to guide the formulation of regulatory policy within the framework of existing law. If a statute expressly or by necessary implication precludes the consideration of benefits or costs or alternatives by an agency during its rulemaking, then those provisions of Executive Order 12291 requiring such consideration would not apply. If a statute or a court order establishes a date for a rulemaking action, then Executive Order 12291 can't delay that action. In other words, if Congress or the Courts have spoken on a matter, then the Executive Order process will conform to that expression. The entire function of the Order is to ensure that the discretion delegated to regulatory officials by Congress is exercised in an economical and efficient manner. This is quite clearly an appropriate exercise of the President's constitutional obligation to see that the laws are faithfully executed.

The purposes of the Executive Order are to control the growth of regulation and to ensure that individual regulations are well-reasoned and economically sound. I believe the Executive Order has been effective. While most of the regulations submitted to OMB for review in 1981 were found consistent with the Executive Order as submitted, the discipline imposed by the Order's policies and procedures has resulted in a substantial decline in the volume of regulatory activity. For example, the number of final regulations published in the Federal Register from February through December 1981 was 21 percent lower than during the same period in 1980. The number of proposed regulations declined by one-third. The recent vote on the Laxalt-Leahy bill (94–0) is a vote of confidence in the Executive Order process in that the bill enacts major tenets of the President's regulatory relief program and specifically endorses executive office review of regulations.

Question 2. Should this authority be extended to the independent regulatory agencies?

Answer. While independent regulatory agencies are exempt from the Executive Order, we believe they should be subject to similar requirements. The Laxalt-Leahy bill, which the Administration supports, contains cost-effectiveness provisions similar to those of the Executive Order and would apply to virtually all regulating activities of the independent agencies.

Question 3. Do you believe that the activities of the President's regulatory relief task force should be both open and on the public record? Would you recommend any changes to better accomplish this goal?

At the present time, we advise members of the public that any factual information given to OMB and the Task Force during rulemaking should be transmitted to the agencies to be included in their rulemaking files. In addition, OMB staff are re-

quired to send copies of all materials sent to OMB from outside parties about regulations to files in a public reading room especially established for that purpose. All the correspondence submitted to the Task Force as a result of the Vice President's March 19, 1981 request for suggestions of existing rules to be reviewed are also available to the public. Thus, the activities of the Task Force are already open and public to a substantial degree. Any further changes with regard to the Task Force or OMB procedures should occur in the context of the regulatory reform legislation.

Question 4. How has OMB's enforcement of the Paperwork Reduction Act been affected by the resource demands of Executive Order 12291? Does the Office of Information and Regulatory Affairs need more personnel and a higher level of appropriations to meet the demands of both the Paperwork Reduction Act and Executive Order 12291?

Answer. OMB's responsibilities under the Paperwork Reduction Act are complementary with its responsibilities under the Executive Order. They both seek to reduce the burden on the private sector of federal information collection and regulatory programs and to encourage agencies to seek the least burdensome alternative, consistent with law, to achieve public policy objectives. While the OIRA staff are kept very busy in fulfilling their responsibilities, an increase in personnel and appropriations is not needed at this time.

Question 5. Under the Paperwork Reduction Act of 1980, OMB has the authority to approve requests from the agencies for reporting forms. It appears that this authority has been used to delay agency regulatory actions and has been, in this Administration, a tool to enforce its regulatory reform agenda as set forth in Executive Order 12291. Do you expect to change the manner in which the Paperwork Reduction Act will be implemented? Is it proper for the Act to be used to delay agency actions and enforce changes in agency regulations?

Answer. OMB does not use its authority under the Paperwork Reduction Act to enforce its regulatory reform agenda under the Executive Order. OMB's paperwork reviews are based on the statutory guidance provided in the Paperwork Reduction Act. The Act directs OMB to evaluate agency information practices to determine their adequacy and efficiency, and to determine whether the collection of information by any agency is necessary for the proper performance of its functions and will have practical utility for the agency.

Question 6. Do you feel that delays in the development of regulations to implement statutory mandates could be further minimized so that threats to human health and safety could be lessened?

Answer. Any regulation that responds to an emergency situation—for example, any situation that poses an imminent threat to health and safety—is exempt from the Executive Order's procedures. In other situations, the requirements of the Order—essentially that regulations be well-reasoned and economically sound—may increase the time needed to develop a regulation. Of course, the alternative may be a poorly-reasoned, hastily-developed regulation that is unnecessarily burdensome and doesn't achieve its objectives, including health and safety objectives.

OMB has worked very hard to ensure that its procedures under the Executive Order do not result in delays. For the vast majority of regulations submitted to OMB, review under the Executive Order is completed in a matter of days.

VII. GOVERNMENT REORGANIZATION

Question 1. I know that you have represented the Administration in the development of the Department of Energy reorganization proposal. Will you and your office have a continued role in this effort once you have moved to OMB?

Answer. As you know, OMB has overall responsibility within the Executive Branch for reorganization proposals. Former Deputy Director Harper took an active role in the development of the DOE Proposal; I would expect to continue to participate in this effort in my new capacity.

Question 2. Some government agencies, for example the U.S. Fire Administration, have been effectively reorganized by being "zeroed out" of the Federal budget. Is this use of the budget to reorganize government appropriate or should such reorganizations be carried out through submission of legislative proposals to abolish agencies?

Answer. The Federal Government has long operated under the two-stage process of authorizations and appropriations. The authorization process essentially establishes the kinds of activities the Federal Government may undertake. The appropriations process controls the levels at which these programs will be financed. It is, of course, typical for appropriations to be constraining in the sense that they do not permit programs to operate at the maximum possible level authorized. In fact, it is

common for some activities that are authorized to remain completely unfunded. Therefore, when the President feels that an activity is of low priority, it is entirely appropriate that he recommend no appropriations for that activity, and for the Congress to respond as it sees fit.

VIII. OVERSIGHT OF GOVERNMENT

Question 1. Waste and fraud in the management of federal programs will be a serious concern of the Government Affairs Committee during this session. How can OMB assist the Committee in its evaluation of federal mismanagement? Do you have any ideas on administrative means which could be used by OMB to reduce fraud and inefficiencies in federal programs?

Answer. I believe that OMB can be of assistance to the Committee in its evaluation of federal mismanagement and can develop effective administrative means for reducing fraud and inefficiencies in federal programs in two ways: (1) by continuing to work closely with and support the efforts of the Inspectors General and the Assistant Secretaries for Management in the individual departments and agencies, and (2) by focusing its own attention and resources on the entire concept of improving management in government programs.

I would like to concentrate on strengthening the "M" in OMB by dealing with across-the-board management improvement as a continuing theme and major OMB responsibility. OMB already is working on several projects in this area that are having positive results. For example, I understand that OMB has active projects in audit follow-up and internal control that to my mind represent positive administrative means to get at the systems problems that produce fraud and inefficiencies in federal programs.

Question 2. Do you plan to take any steps to curb wasteful or inappropriate consulting contracts and procurement?

Answer. Yes. We plan to closely monitor the effectiveness of recent OMB initiatives to curb any inappropriate use of consulting contracts by Federal agencies. These initiatives resulted in a $162 million reduction in consulting and related services during FY 1981, and we anticipate an additional $500 million reduction in FY 1982. Actual expenditures will be increased by 3 percent when comparing FY 1981 and FY 1983 data—but that reflects a real decrease of 10 percent in constant FY 1981 dollars.

OMB's current initiatives to further tighten management controls over consulting and related services contracts include the development of additional guidelines. We are currently analyzing public and agency comments received on drafts published in the Federal Register.

We plan to monitor the implementation of a number of actions we have taken to curb waste in procurement; including: A directive to agencies to reduce wasteful end of year spending; a requirement that agencies develop advance procurement planning procedures; the development of training material in ethics and standards of conduct for procurement personnel; and the halfing of procurement of high vulnerability items such as furniture and other equipment and publications until agencies submitted detailed plans.

We currently have underway the development of: Job performance and training materials for auditors and investigators in detection and prevention of waste, fraud, and abuse in procurement; and an internal control for procurement guidelines as part of OMB Circular No. A-123 on internal controls.

Question 3. As you know, this Committee has been actively involved in the issue of travel management. I was quite pleased with the work of the Interagency Travel Management Improvement Project. Will you continue the efforts to control federal travel expenditures?

Answer. Yes, I have already received a briefing by OMB staff on the progress being made by the OMB-led task force to implement the recommendations of the Interagency Travel Management Project.

Last July, after the President reviewed the report on strengthening Federal travel management prepared by the Project staff, he directed the lead agency heads to implement the study recommendations, with overall coordination by the Director of OMB.

The Travel Management Improvement Group, created last August, is chaired by OMB and consists of representatives of the four agencies with major travel authorities—State, Defense, GSA, and Office of Personnel Management. The Group has been working since last September on ways to improve control and management of agency travel expenditures. The improvements under consideration, as I understand

it, will require legislative as well as administrative actions and are laid out over an implementation period of up to a year in length.

Question 4. It has been more than thirty years since the Congress passed the Budget and Accounting Act in 1950, but 36 percent of all agencies are not yet in compliance with this Act, and these agencies control over 50 percent of the federal budget. What initiatives do you plan to take to insist on compliance with this Act?

Answer. We are going to press for compliance with the Act. As you know, it requires the General Accounting Office to: Establish accounting principles after consultation with OMB and Treasury and in consideration of the needs of executive agencies; cooperate with agencies in developing accounting systems, and approve accounting systems that are adequate.

The GAO grants approval of accounting systems in two phases: Principles and standards, and systems design.

With regard to the first phase, principles and standards, only one percent of agency systems remain unapproved. However, only 64 percent of systems designs have been approved, and this is an unacceptable situations.

Comptroller General Bowsher recently launched a review of ways to streamline the approval process. We are meeting with him and other members of the Joint Financial Management Improvement Program next month to discuss this issue and other financial priorities. At that time, we hope to agree on an appropriate role that OMB can play in expediting the review and approval process. It may be that we can build upon the recent OMB experience in updating and approving the fund control systems of the major departments and agencies under the authority of the Antideficiency Act.

Question 5. As head of the President's Council on Integrity and Efficiency, on what areas do you intend to focus the Council's resources?

Answer. The President's Council on Integrity and Efficiency was created to strengthen the Inspector General program and to coordinate and implement Government policies concerning integrity and efficiency in federal programs. It has an active program underway that I believe is completely consistent with these purposes. I plan to chair the Council in a manner that will continue to support these purposes.

The President's Council, of course, was created without an independent source of resources. Its resources are only what the members provide. So far, I understand the members have been very supportive of all the Council's interagency and government-wide projects. I believe that this support will continue and should be focused, as it currently is, on plans for coordinated government-wide activities; standards for management, operation, and conduct of IG activities; development of a well-trained, highly skilled corps of auditors and investigators; and interagency projects. I am very pleased by the Council's ability to be active and effective on the interagency front while still recognizing and respecting the importance of the individual IGs' autonomy and objectivity. I believe this is a sound approach.

Question 6. Do you believe that RIFs are an effective means to reduce both the size and waste of the Federal Government?

Answer. RIFs are certainly effective in the sense that they do get reductions accomplished when attrition would take too long. However, a RIF also is a very clumsy and expensive method of making reductions. For example:

A RIF of 100 employees may affect several times the initial number because of "bumping" and "retreat" rights.

An employee who is qualified "on paper" for another job may not really be well suited for that position.

The pay-saving features of the RIF process mean that people who get bumped down to lower-level positions must still get their original salaries for an extended time period.

Because seniority is given heavy weight, RIFs hit young people, women and minorities with disproportionate impact.

Furloughs may be a viable alternative where the agency problem is a short-term one, such as funding to get through the fiscal year. However, when the problem requires permanent personnel reductions, a reduction-in-force is required if attrition, even in combination with furloughs, cannot be counted on to achieve the objective.

I want to stress that the basic administration objective of reducing the size of our government's workforce is a desirable one, which is generally supported by the Congress and the public. When attrition would be too slow, and the RIF process is the only practical way to reach reduced staffing levels in a reasonable time, the process now in the law will have to be used.

I also want to stress that this administration is especially concerned that everything possible is done to assist displaced Federal employees. We are disturbed by

recent allegations that some agencies are not doing as much as they should. If personnel offices are overwhelmed by other work associated with RIFs, we are urging that agencies set up *managerial* task forces to counsel and assist employees who are being RIFed and to aid in their outplacement.

IX. RELATIONS WITH CONGRESS

Question 1. Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress if you are confirmed?

Answer. Yes.

Question 2. Are you willing to provide such information as is requested by such committees?

Answer. I do not foresee any situation in which I would not be willing to provide such information in response to any reasonable request of a duly constituted committee of the Congress.

Chairman ROTH. The committee also took into consideration both a review by the Office of Government Ethics and the summary report of an evaluation of the FBI. Mr. Wright was interviewed by designated committee staff members and, finally, a report was prepared for the members of the committee discussing all relevant information regarding his qualifications to perform the duties of Deputy Director.

I will say for the press that all materials to be placed in the record this afternoon are available for your inspection in the committee office at any time.

Mr. Wright, before answering any questions, would you like to make an opening statement?

TESTIMONY OF JOSEPH ROBERT WRIGHT, JR., NOMINEE TO BE DEPUTY DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET

Mr. WRIGHT. Mr. Chairman, thank you very much for your welcome. I am sincerely pleased, humbled, flattered, and looking forward to going to a confirmation hearing and appropriately voted upon, then to serve as Deputy Director of OMB. I consider it to be one of the most important jobs that I have ever had the opportunity to undertake and I would certainly look forward to it and follow the description that Senator Nickles placed as how he thought I would perform the job.

I do not have a prepared opening statement, Mr. Chairman, but if you don't mind, me being an Okie, I take things head-on, and there have been some concerns particularly about one aspect of my education and I would like to go into it directly, take it almost as an answer to a question that has not been asked yet.

I received a masters in industrial administration from Yale in 1964. In some of the press, it was stated it was an MBA from Yale.

Mr. Chairman, the difference is significant because industrial administration is like a business degree except I think it is more demanding in terms of technical courses rather than business courses, including the computer technology and operations research which are two of the reasons specifically why I went to Yale University at that time.

That MIA program was disbanded several years later and it evolved into something else which, Mr. Chairman, the staff told me what it was and I still don't even know the answer to it, it is so fancy.

When I came to work on the Transition Committee, a draft position description was given over the phone and I think whoever took it didn't understand what an MIA was and it was put down as MBA. The draft press release came out at that time as MBA from that dictation. It was not proofread or approved by me. On the form 86 which is what I filled in prior to coming into my position as Deputy Secretary of Commerce, I specifically stated that I received an MIA that was reviewed by the FBI and that is the form, that is the official form with the Senate Commerce Committee for confirmation, it is also the same that was sent up to this committee and reviewed very carefully by me.

Mr. Chairman, I will say one thing, there was no time in which I put any incorrect statement down on my background on a formal form to go up to either the Senate Commerce Committee or to this committee, and it has been checked by the FBI clearly.

I did not, however, review those press releases like I should have and to make sure they were appropriate.

The press release that came out from OMB recently on my appointment as Deputy Director also was written by OBM. It was read to me over the phone, I did not see it before it was released.

As I mentioned before, I am proud of my masters in industrial administration and in my record have not even changed because of that reason.

The second part, in "Who's Who," they go back and forth as to which "Who's Who" you are talking about, and whether or not it an MBA or MIA. Those forms come in, Mr. Chairman, to me and most cases I don't even open the envelope to look at them. Where it has been done, it has been added at the last section of any changes.

Now, the first book that was put out, which was the "Outstanding Young Men of America in 1970" is the one I filled in that has is an MBA or MIA. Those forms come in, Mr. Chairman, to me and one correction. The last one that I filled in was 1980–82 version of "Who's Who in Finance and Industry." Since this was a new one, Mr. Chairman, I filled it in and it says "MIA".

So, again, I apologize for not reading the press releases carefully; I will do it in the future. But there was nothing incorrect on any formal forms I signed.

Pardon me for taking so much time, but I decided to get that one over with.

Chairman ROTH. In other words, you have a BS degree from Colorado School of Mines and an MIA for completing a 2-year program at Yale University. Is that correct?

Mr. WRIGHT. Yes, sir. In both cases there were more hours put in than would have been required for a traditional BS or MBA.

Chairman ROTH. Mr. Wright, as you know, the committee has had the opportunity to ask you a series of questions. Your responses to these questions have been placed in the record so I will not repeat those particular questions. But, I do have a few additional ones.

Mr. WRIGHT. Yes, sir.

Chairman ROTH. Is there anything you are aware of in your background which might present a conflict of interest with the duties of the office?

Mr. WRIGHT. No, Mr. Chairman, not if handled properly. I do have family oil and gas holdings and I have worked with the General Counsel both at Commerce as well as OMB and will recuse myself from any activities involving supply, pricing or any regulations involving oil and gas purchases.

Chairman ROTH. Do you know of any reason, personal or otherwise, that would in any way prevent you from fully and honorably discharging your responsibilities as Deputy Director of OMB?

Mr. WRIGHT. No, sir, not in any way.

Chairman ROTH. Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress if you are confirmed?

Mr. WRIGHT. Absolutely.

Chairman ROTH. Are you aware of the provisions of section 208 of title 18, United States Code, which relate to acts affecting a personal financial interest while in office? You have just made a partial comment on this. Do you agree to abide by all provisions of that statute?

Mr. WRIGHT. Yes, sir, Mr. Chairman, I certainly do.

Chairman ROTH. Mr. Wright, I told your predecessor when he first took over that I feel that the managerial responsibilities of the OMB are as critically important as those of the budget, and it has been my feeling that OMB has not necessarily placed the same priority on the managerial responsibility.

I think that as the Deputy Director this will be a primary responsibility of yours. The President has, of course, already done a great deal about reorganizing the executive branch and trying to make it more efficient.

What priorities would you set in the reorganization of the executive branch?

Mr. WRIGHT. Mr. Chairman, I am not answering a question with a question, but are you talking about reorganizing the executive branch or managing it better?

Chairman ROTH. Reorganizing the executive branch.

Mr. WRIGHT. Well, Mr. Chairman, I was around as many of us were when the Ash Commission report came up with the recommendations for that reorganization, and I think much of the Ash Commission report made a great deal of sense and is overdue.

I also saw that the political turmoil that was caused by that and while I think if we were to start from scratch we would not be structured the way we are today.

I believe that reorganization is appropriate. I believe we should pursue down that course. It is one, unfortunately, I think it is going to be slow but I believe we should concentrate while we are going in on reorganization on better management. Mr. Chairman, I think we got a long way to go in both categories.

Chairman ROTH. I share that concern.

Mr. Rudman?

OPENING STATEMENT OF SENATOR RUDMAN

Senator RUDMAN. Mr. Chairman, thank you.

Mr. Wright, I appreciate your candid opening statement. Frankly, I think we have become overly sensitized around here to, for

lack of a better word, truth in biography law. There certainly have been some outlandish statements by people of recent vintage in the political field but I have to tell you, speaking for myself, I don't know the background staff went into, or otherwise how we got to where we got, but I think it should be unnecessary for you to have made this statement here today.

Obviously, you are well educated, you have a graduate degree from a fine institution. Somewhere along the line, none of your doing, some initials got mixed up. And I want to tell you, you ought to leave this hearing having no feeling whatsoever in your own mind as far as I am concerned that there was any cloud over this hearing whatsoever. I think this should have been handled, in my view, before we even got here and it shouldn't have been necessary for you to speak to it. That may have been your choice, I have not talked to the staff, but I want to say to you that I consider what you talked about to be inconsequential and you are uniquely qualified for the job, and I hope we don't become so sensitized here that upon leaving this building every Member of the Senate decides he must take a polygraph test before going home.

That is all I have to say, Mr. Chairman.

Mr. WRIGHT. Thank you very much, Senator.

Chairman ROTH. Thank you, Senator Rudman, and thank you, Mr. Wright. We appreciate your candor and, as I said, your cooperation. We look forward to working with you in the future.

Mr. WRIGHT. Mr. Chairman, you have no idea how much I look forward to working with you.

Chairman ROTH. Very good.

Other members of the committee might possibly have written questions for you.

[Responses to written questions submitted by Senator Danforth follow:]

RESPONSES TO WRITTEN QUESTIONS SUBMITTED BY SENATOR DANFORTH

Question 1. I think you would agree that, except where otherwise provided by law, OMB policy should be followed by the DOD just as it is by other agencies. How do you at OMB intend to ensure that this occurs?

Answer. I understand that OMB and DOD at top levels collaborated on the development of the Administration's Uniform Federal Procurement System and Executive Order 12352 directing implementation of the procurement reforms not requiring legislation. The working relationships and communications between the Department of Defense and OMB personnel have improved immeasurably over the past few months. I am convinced that the Department of Defense is committed to the same type of economy as is the rest of this Administration. Top management of the DOD is committed to procurement reforms. I will work closely with them in assuring that OMB/OFPP procurement policies are followed and reforms are affected.

Question 2. Meaningful procurement reform will require enthusiastic backing from the Administration. Are you committed to enlist agency support including the Department of Defense, for the procurement proposal submitted February 26th by the Administration?

Answer. Yes I am. As you suggest, agency participation and support in the implementation of the procurement system reforms which we proposed last February are essential to long term success. Since submission of the proposal, we contacted the 23 major procurement agencies—including the Department of Defense—and solicited their assistance in implementing the specific reforms in the procurement system proposal which are not dependent upon legislative action. None of the agencies contacted has indicated any reluctance to help us in this regard. We intend working closely with them at every opportunity using the "lead agency" concept in developing policies and reforms. This will encourage closer communication and working re-

lationships. The proposal is, after all, an Administration proposal with government-wide application including the DOD.

Chairman ROTH. The committee is in recess.

[Whereupon, at 2:10 p.m., the committee recessed, to reconvene subject to the call of the Chair.]

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